



*United States Attorney
Southern District of New York*

FOR IMMEDIATE RELEASE
July 11, 2005

CONTACT: U.S. ATTORNEY'S OFFICE
HERBERT HADAD, MEGAN GAFFNEY
PUBLIC INFORMATION OFFICE
(212) 637-2600

FEDERAL JURY CONVICTS ATTORNEY
IN ADVANCE FEE FRAUD SCHEME

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, announced that ERIC KLEIN, of Harrington Park, New Jersey, was convicted on Friday, July 8, 2005, in Manhattan federal court of participating in a so-called "advance fee" fraud scheme, which cheated victims out of hundreds of thousands of dollars. KLEIN was convicted after a two-week trial before United States District Judge LEONARD B. SAND.

KLEIN, a lawyer licensed to practice in New York, was charged with participating in a conspiracy to commit wire fraud, as well as two counts of wire fraud in connection with a long-running advance fee scheme. The evidence at trial proved that KLEIN acted as the attorney for LLOYD PROBBER, a three-time convicted felon who had previously served jail time for operating a similar advance fee scheme, and for PROBBER's companies - Pan Global Financial Network, Capital Gains Systems, and International Developing Enterprises Agency (collectively, "Pan Global"). The evidence showed that, as part of the scheme,

PROBBER promised victims that Pan Global would assist them in obtaining funding for various business projects. In particular, PROBBER promised that Pan Global would obtain collateral in the form of certificates of deposit, United States Treasury zero-coupon bonds, and standby letters of credit, which the victims could use to help get bank loans. Individual victims were charged up-front or advance fees ranging from \$5,000 to \$100,000 for access to the collateral. The evidence at trial showed that the victims, after they had paid their fees, received only worthless pieces of paper called "Notices of Availability."

The evidence showed that PROBBER, while still in jail for a previous fraud conviction, had sought KLEIN's help in insulating himself from future criminal liability. The evidence at trial showed that KLEIN wrote at least two legal opinions (one of which was drafted while PROBBER was still in jail) vouching for the ethics and legality of the Pan Global loan programs; participated in creating the Notices of Availability and assisted in drafting contracts, which victims were required to sign, that waived their rights to seek legal recourse against KLEIN and PROBBER; and attended meetings at which PROBBER falsely promised that Pan Global would assist victims in obtaining loans. The evidence at trial also showed that KLEIN maintained attorney escrow accounts into which victims were directed to wire their advance fees. KLEIN then distributed the money to PROBBER directly or transferred it to another account he maintained in

his own name but to which PROBBER also had free access. The evidence at trial showed that between approximately 1996 and April 2003, the scheme cheated victims out of hundreds of thousands of dollars in advance fees.

The evidence at trial proved that, despite receiving repeated complaints from victims beginning in at least April 1999 that the Pan Global loan programs were a "fraud" and a "complete scam," KLEIN continued to meet with victims, to receive advance fees in his escrow accounts, to issue legal opinions vouching for the Pan Global loan programs, and to distribute the money to PROBBER. In fact, the evidence established that in December 2000, law enforcement officers as well as a federal judge warned KLEIN that he was personally being investigated in connection with the Pan Global loan programs. Nevertheless, KLEIN continued to participate in the fraud. The evidence at trial further showed that, relying upon the fraudulent language he had helped draft for the loan program contracts, KLEIN refused to return money to the victims when asked.

In addition, the evidence at trial showed that KLEIN clearly understood the fraudulent nature of the Pan Global program. For example, when KLEIN was interviewed by Federal Bureau of Investigation agents, he admitted that the "Notices of Availability" provided to the victims were "crap," and that no one had ever successfully obtained a loan through Pan Global despite the hundreds of thousands of dollars in fees which he

received.

The evidence at trial further showed that, in addition to participating in the Pan Global fraud scheme, KLEIN served as an escrow agent for other convicted felons in 2000 and 2002, and received thousands of dollars in advance fees on their behalf.

Sentencing is scheduled for October 10, 2005 before United States District Judge LEONARD B. SAND. KLEIN faces a maximum term of 5 years' imprisonment on the conspiracy charge and 30 years' imprisonment on each of the wire fraud charges.

LLOYD PROBBER, who pled guilty to related conspiracy and wire fraud charges on March 25, 2005, is scheduled to be sentenced before Judge SAND on July 19, 2005.

Mr. KELLEY praised the efforts of the Federal Bureau of Investigation for its assistance in the investigation of the case and trial.

Assistant United States Attorneys JONATHAN R. STREETER and THOMAS G. A. BROWN are in charge of the prosecution.

05-147

###